

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## Ratio Study Narrative 2022

<b>General Information</b>	
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<b>County Name</b>	Vanderburgh
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<b>Person Performing Ratio Study</b>			
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Name	Phone Number	Email	Vendor Name (if applicable)
Cindy Vaught	812-435-5420	Cvaught@vanderburghgov.org	XSoft

<b>Sales Window</b>	1/1/2021	to	12/31/2021
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<b>If more than one year of sales were used, was a time adjustment applied?</b>	<b>If no, please explain why not.</b>
	<b>If yes, please explain the method used to calculate the adjustment.</b>

## Groupings

Please provide a list of township and/or major class groupings (if any). Additionally, please provide information detailing how the townships and/or major classes are similar in market.

**\*\*Please note that groupings made for the sole purpose of combining due to a lack of sales with no similarities will not be accepted by the Department\*\***

- Industrial Vacant: There is only one valid Industrial Vacant land sales and therefore insufficient data to perform a ratio study analysis for this property class.
- Industrial Improved: Center, Knight and Scott Township Grouping (GroupIndImp\_02\_05\_07): The industrial areas in these townships share similar growth and economic factors. Pigeon Township was not included in the grouping as the industrial areas in Pigeon Township involve different market conditions and growth. This may change as we have seen more growth and improvement in Pigeon Township properties as Downtown Evansville is beginning experiencing a revitalization phase. There were only 3 valid sales in this grouping and therefore insufficient data to perform a ratio study analysis. There were no valid Industrial Improved sales in Armstrong, German, Perry or Union Townships.
- Commercial Vacant: Knight and Pigeon Township Grouping (GroupComVac\_05\_06): The commercial land in these townships is experiencing a similar market and share like economic factors, access to amenities and infrastructure. With only 2 valid sales in this grouping, there is not sufficient market data for a ratio study. There were no valid Commercial Vacant sales in the other townships.
- Commercial Improved: Center, Perry and Scott Township Grouping (GroupComImp\_02\_04\_07): The commercial areas in these townships share similar economic factors, access to amenities and infrastructure. There were no valid Commercial Improved sales in Armstrong, German or Union Townships.
- Residential Improved: Armstrong, German and Union Township Grouping (GroupedResImp\_01\_03\_08): The residential parcels in these townships share similar economic factors and amenities. The townships contain a large number of agricultural parcels dispersed throughout.
- Residential Vacant (GroupResVac\_02\_03\_07): Center, German and Scott Township Grouping: The residential vacant parcels in these townships share similar economic factors, and similar rural tracts. Knight, Perry and Pigeon Township Grouping (GroupResVac\_04\_05\_06): The residential vacant parcels in these townships share similar economic factors, and similar urban tracts. There were no valid Residential Vacant sales in Armstrong or Union Townships.

## AV Increases/Decreases

If applicable, please list any townships within the major property classes that either increased or decreased by more than 10% in total AV from the previous year. Additionally, please provide a reason why this occurred.

Property Type	Townships Impacted	Explanation
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<b>Commercial Improved</b>	Armstrong	Armstrong: The increase of AV of \$681,300.00 is coming from the increase of the agricultural base rate from \$1280 to \$1500 and from land type changes. Parcel 82-01-35-001-033.003-017 has a single-family home that increased due to cost table updates.
<b>Commercial Vacant</b>	German Knight Pigeon	<p>German: Parcel 82-03-31-003-040.008-022 prior AV was accounting for a radio tower on it. We removed the improvement and changed to vacant land, resulting in a decrease of AV by \$14,700.</p> <p>Knight: Parcel 82-07-19-013-232.001-027 was a demo and the land was changed to developers. As a result of this, the AV decreased by \$1,799,500.00. Other changes include land type changes due to sales or splits/cuts to land.</p> <p>Pigeon: Parcel 82-06-30-020-027.017-029 had a land change from primary to undeveloped useable which resulted in an AV decrease of \$643,100.00. Other changes include land type changes.</p>
<b>Industrial Improved</b>	Scott	Scott: Parcel 82-04-05-009-060.025-030 increased \$938,400 due to the updated cost tables. Also, parcel 82-04-01-009-053.026-030 increased \$1,269,700 due to cost table updates as well. Parcel 82-04-01-009-277.005-030 had an interior build-out completion and land type changes that resulted in an increase of \$3,043,900. The rest of the increases in AV are from land type changes and cost table increases.
<b>Industrial Vacant</b>	Center	Center: The increase of \$366,000 is coming from a split and combination of several parcels, along with those parcels getting a land type change. 82-06-09-034-299.043-020, 82-06-10-034-293.026-020, 82-06-09-034-299.042-020

<b>Residential Improved</b>	Center Knight Perry Pigeon Scott	<p>Center: There were approximately 126 new homes that were built. The rest of the increase is from the cost tables increasing, new trend factors applied, or site inspections done due to sales or permits. Parcel 82-04-28-002-129.064-019 increased \$724,100 due to a site inspection.</p> <p>Knight: There were 101 new homes that were built. The rest of the increase is from cost tables increasing, new trend factors applied, or site inspections done due to sales or permits. Parcel 82-07-30-014-103.050-027 increased \$399,600 due to a site inspection from permits.</p> <p>Perry: There were 15 new homes built. Parcel 82-05-31-007-447.008-024 increased \$96,900 due to cost table increases and new trend factors being applied. This account for the rest of the increases in this township, along with site inspections due to sales and permits.</p> <p>Pigeon: Most of the \$63,952,800 increase is from cost table updates and updated trend factors that were applied. Other AV changes included were due to 69 new homes being built and site inspections due to sales or permits.</p> <p>Scott: This township had 181 new homes built. Parcel 82-04-10-009-268.001-030 had an increase of \$523,900 due to a site inspection from permits. Other AV increases were due to the new trend factors being applied and the cost tables being updated, as well as site inspections from sales.</p>
<b>Residential Vacant</b>	none	

<b>Cyclical Reassessment</b>
<b>Please explain which townships were reviewed as part of the current phase of the cyclical reassessment.</b>
<p>In order to meet the cyclical requirement by property class type, parcels in the following townships were reviewed: Armstrong, Center, German, Knight, Perry, Pigeon, Scott and Union</p> <p>Where possible cyclical parcels were chosen by neighborhood. However, in some cases, partial neighborhoods were included in order to meet the requirements.</p>

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**Was the land order completed for the current cyclical reassessment phase? If not, please explain when the land order is planned to be completed.**

Land rates and neighborhood delineation are reviewed annually during validation and analysis of vacant land sales and cyclical reassessment. The land order was complete in Phase 4 of this cyclical reassessment.

**Comments**

**In this space, please provide any additional information you would like to provide the Department in order to help facilitate the approval of the ratio study. Such items could be standard operating procedures for certain assessment practices (e.g., effective age changes), a timeline of changes made by the assessor’s office, or any other information deemed pertinent.**

**Groupings Comments:**

- We had only one valid Industrial Vacant land sales and therefore no study included for the property class type.
- There were only three valid Industrial Improved sales in Pigeon Township. We do not feel it is appropriate to group Pigeon Industrial Improved with other townships due to the differences in social and economic factors influencing the industrial areas of Pigeon township. The industrial areas are mainly on the outskirts of the township in depressed areas. The sales are included on the Industrial Improved tab of the ratio study but there is not sufficient data for analysis.
- We had only two valid Commercial Vacant land sales in the County. Those sales are included on the Commercial Vacant tab of the ratio study but there is not sufficient data for analysis.

**Standard Operating Procedure for Identifying and Trimming Outliers (Refer to IAAO Standard on Ratio Studies – Appendix B):**

Explanations were added to the Sales Reconciliation and the following guidelines are used for Invalid sales marked Not Rep Nhbd which represent sales in which the sale price is outside the market range for the neighborhood.

1. Identify outliers – ratios that fall outside of the defined upper and lower boundaries of a neighborhood or market area.
  - a. Standard deviation method (standard deviations from the mean is used to determine boundaries) or
  - b. Interquartile range method
2. Analyze outlier ratios to determine whether there is an assessment error in fact that can be corrected or if the sale is a non-market transaction.
  - a. An erroneous sale price
  - b. A non-market sale
  - c. Unusual market variability
  - d. A mismatch between the property sold and the property assessed
  - e. An error in the assessment of an individual parcel
  - f. Data entry errors
3. Correct any errors
4. Trim remaining outliers to improve the representativeness of the neighborhood sample

#### **Vanderburgh County New Construction Discovery process:**

The Vanderburgh County Assessor's Office has a working relationship with the Building Commission which allows us to access their permit database. We view this on a daily basis to initiate field visits for all permits. The process is as follows.

1. The permit gets entered into our INcama software to the appropriate parcel/address.
2. A folder is created with a copy of the PRC, a control sheet and permits associated to the visit. These are filed in a "To be collected drawer" by township and parcel id.
3. Data collectors will then pull the permitted folders and route them for the area they will be in that day to data collect.
4. The control sheet is what we use to correspond between the data collectors and the data enterers. They fill out the appropriate field's, date data collected, data collector's initials, number of bathrooms, bedrooms, construction type, percent complete, exterior features etc. note the number of pictures taken for in house review and data entry quality control. They also note if this is 100% data collected or if it needs another site visit.
5. If construction is 100% complete it is entered into our INcama software to be assessed according to the Indiana Assessing Guidelines.
6. If it's partially complete it is entered the same as above, but at the appropriate percent complete and flagged to review for the following year.
7. Non permitted work is often identified by utilizing ChangeFinder and SketchCheck applications by Eagleview during the yearly cyclical reassessment.

#### **Standard Operating Procedure for Applying Effective Age:**

- We only utilize the effective age process for parcels when sufficient evidence supports a new effective year. That evidence is gathered during the review of a sale, while reviewing permits, during site visits, or cyclical review. We only look at parcels for effective age that have added an addition. For extensive remodeling, we consider a possible condition change by looking at the age of the home in relation to the amount of work that has been put into it.
- When reviewing parcels, anything less than average condition and any home with multiple permits goes through a process of trying to call the taxpayer to schedule an appointment, sending a letter, or following up with the Building Commissioners Office to see what inspections have been done, or where the taxpayer is at in the process.
- We do not apply an effective age for basement, attic, or garage additions.

**Max Depreciation Explanation:**

Sales explained in the Sales Reconciliation involving parcels identified as older homes that are at maximum depreciation percentages. The parcels have been reviewed for accuracy in grade and condition, however the assessed value is considerably lower than market sales price. We are gathering data on similar properties and plan to trend as a sub-market when we feel we have gathered an adequate amount of data for analysis. There were 212 sales marked “max depreciation results < market value” in 132 neighborhoods across the county. We believe the sharp rise in market sale prices in 2021 has contributed to the increased number of sales falling in this category.